

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
GWINDELL GAINES	:	VIOLETIONS: 7 U.S.C. § 2024(c)
a/k/a “Rub”		(Food stamp fraud – 2 counts)
JESSE JONES	:	18 U.S.C. § 1956(h) (Conspiracy to
ANTHONY McCRAV		commit money laundering - 1 count)
a/k/a “Toney Reed”	:	7 U.S.C § 2024(h)/18 U.S.C. § 982
VANESSA WALKER		(Food stamp fraud and money laundering
LISA WALKER	:	forfeiture - Notice)

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

THE FOOD STAMP PROGRAM

At all times material to this indictment:

1. The United States Department of Agriculture (“USDA”), through its Food and Nutrition Service (“FNS”), administered the government benefit program commonly known as the Food Stamp Program (“FSP”). The FSP was a federally funded program intended to help persons of low income buy food to feed themselves and their families. Under the FSP, persons deemed eligible to receive food stamp benefits were furnished a predetermined monthly dollar amount of food stamp coupons. Eligible recipients were permitted to use the food stamp coupons to buy designated food items only from retail food stores licensed and authorized by FNS to participate in the FSP.

2. The food stamp coupons issued pursuant to the FSP were distributed to low income persons in Pennsylvania by the FNS through an arrangement with the Commonwealth of Pennsylvania.

3. The Commonwealth of Pennsylvania distributed food stamp coupons to eligible individuals by forwarding the coupons to Financial Exchanges, which were located throughout Pennsylvania. The low-income persons entitled to receive food stamp coupons could obtain their monthly allotment of food stamp coupons at the Financial Exchanges.

4. Food stamp coupons could be used only to purchase food at retail food stores. Any other use of food stamp coupons was expressly prohibited by USDA regulations. For example, the sale or purchase of food stamp coupons for cash was prohibited.

5. Only retail food stores that had been expressly authorized by the FNS to receive food stamp coupons could redeem these food stamp coupons at a bank and receive money in exchange for the coupons from the United States.

6. In order to participate in the FSP as a retail food store, the owner of the retail food store was required to complete an application identifying the retail food store's address, hours of business, estimated gross annual food sales, store owners, and other relevant information. In addition, the applicant was required to identify a specific bank account into which the store intended to deposit the food stamp coupons.

7. On each FSP application, the applicant was required to acknowledge that he or she had reviewed and understood the applicable FSP regulations.

8. When a retail food store was authorized to participate in the FSP, that retail food store received a license that allowed it to accept food stamp coupons as payment for

specified food products. In addition, the retail food store received blank redemption certificates that enabled it to deposit food stamp coupons into a designated bank account. With each deposit, a representative of the retail food store was required to certify on a redemption certificate that the food stamp coupons being deposited were “accepted in accordance with Food Stamp Program Regulations.”

9. Each time food stamp coupons were deposited into a designated bank account, the bank would credit the depositor’s account for the full amount of the face value of the food stamp coupons. The designated bank would then forward the food stamp coupons and the redemption certificate to the Federal Reserve Bank. The Federal Reserve Bank would then credit the designated bank for the face amount of the food stamp coupons.

#### R & A’S VARIETY STORE

10. Defendant GWINDELL GAINES, who owned and operated a small market known as R & A’s Variety Store, located at 1301 Point Breeze Avenue in Philadelphia, Pennsylvania, submitted a Food Stamp Program Application For Stores, which was approved on August 12, 1992. The store was authorized to participate in the FSP after that date.

11. In late 1992, defendant GWINDELL GAINES unlawfully began purchasing food stamp coupons for cash from customers at his store and from individuals who had just received their food stamps at the Financial Exchange located at 22<sup>nd</sup> Street and Washington Avenue in Philadelphia. He also directed employees who worked in his store to purchase food stamp coupons. Food stamp coupons were usually purchased for approximately 70 percent of face value. These food stamp coupons, along with accompanying redemption certificates, were deposited into the store’s bank account at CoreStates Bank in Philadelphia.

Between late 1992 and early 1996, GWINDELL GAINES illegally purchased and redeemed food stamp coupons totaling approximately \$600,000, representing that they had been lawfully used for the purchase of food at R & A's Variety Store.

12. In November of 1995, the Department of Agriculture notified defendant GWINDELL GAINES that he and R & A's Variety Store were being terminated from participation in the FSP due to the unauthorized acceptance of food stamp coupons.

#### BUTCH'S MINI MARKET

13. As a result of the closure of R & A's Variety Store, defendant GWINDELL GAINES submitted a Food Stamp Program Application For Stores for Butch's Mini Market, located at 1614 South 20<sup>th</sup> Street in Philadelphia, which was approved on December 13, 1995. The application did not disclose that GWINDELL GAINES owned, operated or was in any way associated with Butch's Mini Market or its application to participate in the FSP, because he used a false name, "Anthony Worthon," on the application.

14. Between in or about January of 1996, and in or about mid-April of 1998, defendant GWINDELL GAINES, together with Jesse Jones, Anthony McCray, Vanessa Walker, Lisa Walker and others known and unknown to the grand jury, illegally purchased for cash and redeemed food stamp coupons totaling approximately \$2,000,000, representing that they had been lawfully used for the purchase of food at Butch's Mini Market. These food stamp coupons, along with accompanying redemption certificates, were deposited into the store's bank account at CoreStates Bank in Philadelphia. Food stamp coupons were usually purchased for approximately 70 percent of face value.

15. To conceal the fact that the food stamp coupons had been obtained in violation of USDA regulations, defendant GWINDELL GAINES caused them to be deposited at his bank with redemption certificates on which it was falsely certified that they had been obtained “in accordance with Food Stamp Program Regulations.”

16. At the direction of, and in exchange for payment by, defendant GWINDELL GAINES, Jesse Jones and Anthony McCray: (1) illegally purchased food stamp coupons from individuals who had just received their food stamps at the Financial Exchange located at 22<sup>nd</sup> Street and Washington Avenue in Philadelphia; (2) delivered the illegally purchased food stamp coupons to Lisa and Vanessa Walker at Vanessa Walker’s house located near the Financial Exchange; (3) deposited food stamp coupons into the Butch’s Mini Market bank account; and (4) cashed checks issued in their names. Anthony McCray also cashed checks issued in the name “Toney Reed.” These activities generally took place during the first 15 days of each month.

17. At the direction of, and in exchange for payment by, defendant GWINDELL GAINES, Vanessa Walker and Lisa Walker: (1) tore the illegally purchased food stamp coupons from the books in which they were issued; (2) prepared the food stamp coupons for bank deposit by stamping them with a Butch’s Mini Market deposit stamp; and (3) issued checks to be cashed against the account which were made payable to GWINDELL GAINES, Lisa Walker, Jesse Jones, Anthony McCray, Toney Reed, and others. Lisa Walker signed the name “Anthony Worthon” as the purported maker of the checks. Lisa Walker cashed checks issued in her own name, or provided them to the person who did cash them. The cash generated was returned to GWINDELL GAINES.

18. From in or about late 1992, to in or about April of 1998, in Philadelphia, in the Eastern District of Pennsylvania, defendant

GWINDELL GAINES

knowingly presented, and aided, abetted, and caused to be presented, food stamp coupons for payment and redemption of a face value of \$100 or more, that is, approximately \$2,600,000, knowing that the food stamp coupons had been received, transferred and used in a manner in violation of Title 7, United States Code, Chapter 51 (Food Stamp Program) and the regulations promulgated pursuant thereto at Title 7, Code of Federal Regulations, Sections 271 to 285.

In violation of Title 7, United States Code, Section 2024(c) and Title 18, United States Code, Section 2.

## COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations in paragraphs 1 through 17 of Count One of this Indictment are incorporated here.

## THE CONSPIRACY

2. From in or about early 1992, to in or about mid-April of 1998, in Philadelphia, in the Eastern District of Pennsylvania, defendant

### GWINDELL GAINES

did conspire and agree with persons known and unknown to the grand jury, to conduct certain financial transactions affecting interstate commerce, that is, redeeming for payment food stamp coupons totaling approximately \$2,600,000, which transactions involved the proceeds of a specified unlawful activity, that is, food stamp coupon fraud, as charged in Count One of this Indictment, knowing that the money involved in each financial transaction represented the proceeds of some form of illegal activity, and knowing that these transactions were conducted with the intent to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of food stamp coupon fraud, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

## OVERT ACTS

In furtherance of the conspiracy and to accomplish its objects, the following overt acts, among others, were committed in the Eastern District of Pennsylvania:

1. Beginning in late 1992, defendant GWINDELL GAINES purchased food stamp coupons for cash from customers of R & A's Variety Store.

2. On numerous occasions between late 1992 and early 1996, defendant GWINDELL GAINES caused approximately \$600,000 in fraudulently and illegally obtained food stamp coupons to be deposited into R & A's Variety Store's bank account, in each instance representing that those coupons had been lawfully obtained. Each of these acts is alleged as an act in furtherance of the conspiracy.

3. On or about August 1, 1995, defendant GWINDELL GAINES submitted an application to the U.S. Department of Agriculture to participate in the Food Stamp Program operating as Butch's Mini Market, using the name "Anthony Worthon."

4. On numerous occasions between early 1996 and in or about mid-April 1998, defendant GWINDELL GAINES caused approximately \$2,000,000 in fraudulently and illegally obtained food stamp coupons to be deposited into Butch's Mini Market's bank account, in each instance representing that those coupons had been lawfully obtained. Each of these acts is alleged as an act in furtherance of the conspiracy.

5. On numerous occasions between early 1996 and in or about mid-April of 1998, defendant GWINDELL GAINES caused checks to be cashed at his bank to generate funds to continue to illegally purchase food stamp coupons. Each of these acts is alleged as an overt act in furtherance of the conspiracy

In violation of Title 18, United States Code, Section 1956(h).



COUNT THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations in paragraphs 1 through 17 of Count One of this Indictment are incorporated here.

2. From in or about early 1996, to in or about mid-April of 1998, in Philadelphia, in the Eastern District of Pennsylvania, defendants

JESSE JONES  
ANTHONY McCRAY  
a/k/a "Toney Reed"  
VANESSA WALKER and  
LISA WALKER

knowingly presented, and aided, abetted, and caused to be presented, food stamp coupons for payment and redemption of a face value of \$100 or more, that is, approximately \$2,000,000, knowing that the food stamp coupons had been received, transferred and used in a manner in violation of Title 7, United States Code, Chapter 51 (Food Stamp Program) and the regulations promulgated pursuant thereto at Title 7, Code of Federal Regulations, Sections 271 to 285.

In violation of Title 7, United States Code, Section 2024(c) and Title 18, United States Code, Section 2.

## NOTICE OF FORFEITURE

### (FOOD STAMP FRAUD/MONEY LAUNDERING FORFEITURE)

1. As a result of the violations of Title 7, United States Code, Section 2024(c), and Title 18, United States Code, Section 1956(h), set forth in Counts One and Two of this Indictment, defendant

#### GWINDELL GAINES

shall forfeit to the United States under Title 7, United States Code Section 2024(h) and/or Title 18, United States Code, Section 982(a)(1), the following real property, which assets (1) constitute, are derived from, or are traceable to the proceeds of these offenses, or (2) were used to commit or facilitate or involved in these offenses:

- (a) 1614 South 20<sup>th</sup> Street, Philadelphia, Pennsylvania
- (b) 1258 South 17<sup>th</sup> Street, Philadelphia, Pennsylvania
- (c) 1919 Montrose Street, Philadelphia, Pennsylvania

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred to or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of property subject to forfeiture.

All pursuant to Title 7, United States Code, Section 2024(h), and Title 18, United States Code, Sections 982(a)(1) and (b)(1).

A TRUE BILL:

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FOREPERSON

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PATRICK L. MEEHAN  
United States Attorney

